



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

OCT 13 2010

Jeffrey M. Frederick
Chief Executive Officer
Gen-X Strategies, Inc/GSX Strategies
P.O. Box 58
Woodbridge, VA 22194

RE: MUR 6300
Gen-X Strategies, Inc. (aka GSX Strategies)
Jeffrey M. Frederick

Dear Mr. Frederick:

On October 13, 2010, the Federal Election Commission accepted the signed conciliation agreement and civil penalty submitted on behalf of Gen-X Strategies in settlement of a violation of 2 U.S.C. §§ 441b(a) and 441c, provisions of the Federal Election Campaign Act of 1971, as amended. On the same date, the Commission voted to take no further action as to you. Accordingly, the file has been closed in this matter.

Documents related to the case will be placed on the public record within 30 days. *See* Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003) and Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. *See* 2 U.S.C. § 437g(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

A handwritten signature in black ink, appearing to read "Ana Peña-Wallace".

Ana Peña-Wallace
Attorney

Enclosure
Conciliation Agreement

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
) MUR 6300
Gen-X Strategies, Inc., *aka* GXS Strategies)

CONCILIATION AGREEMENT

This matter was initiated pursuant to information ascertained by the Federal Election Commission (“the Commission”) in the normal course of carrying out its supervisory responsibilities. *See* 2 U.S.C. § 437g(a)(1) and (2). The Commission found reason to believe that Gen-X Strategies, Inc., *aka* GXS Strategies, (“Gen-X”) violated 2 U.S.C. §§ 441b(a) and 441c by making a prohibited in-kind contribution to the Republican Party of Virginia, Inc. (“RPV”).

NOW, THEREFORE, the Commission and the Respondent, having participated in informal methods of conciliation prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over the Respondent and the subject matter of this proceeding.

II. The Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. The Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. Gen-X is registered as a corporation with the Virginia State Corporation Commission. Gen-X was also a federal contractor during the relevant time period.

2. RPV is a qualified party committee with federal and state election accounts.

3. In September 2008, Gen-X made an in-kind contribution to RPV valued at \$17,717. RPV reported the \$17,717 in-kind contribution from Gen-X on its state election reports. This in-kind contribution was described in RPV's state disclosure report as "website email and online contribute setup – actual cost." Gen-X provided various online technology services to RPV that included "activist web set up," "charged contribution set up," and a website e-mail service relating to the issuance of broadcast e-mail messages. Some of these broadcast e-mail messages mentioned federal candidates and elections.

4. The Act prohibits corporations from making contributions or expenditures from their general treasury funds in connection with a federal election. 2 U.S.C. § 441b(a). The Act also prohibits contributions by government contractors in connection with a federal election. 2 U.S.C. § 441c.

5. Gen-X, which is an active corporation in Virginia and was a federal contractor during the relevant time period, made an in-kind contribution to RPV worth \$17,717. 2 U.S.C. §§ 441b(a) and 441c

6. Respondent contends that it acted with the knowledge of RPV's Executive Committee, which was briefed on the services being provided by Gen-X on September 27, 2008. Respondent contends that it intended to remain in compliance with federal and state election campaign laws at all times and did not intend to make a federal in-kind contribution through the provision of its services.

V. Respondent Gen-X violated 2 U.S.C. §§ 441b(a) and 441c.

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VI. 1. Respondent will pay a civil penalty in the amount of Two Thousand and Five Hundred Dollars (\$2,500) pursuant to 2 U.S.C. § 437g(a)(5)(A), to be paid at the time Respondent signs this agreement.

2. Respondent Gen-X will cease and desist from violating 2 U.S.C. §§ 441b(a) and 441c.

VII. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

VIII. This agreement shall become effective as of the date that all parties hereto have executed same and the Commission has approved the entire agreement.

IX. Except as provided in paragraph VI.1 of this agreement, Respondent shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirements contained in this agreement and to so notify the Commission.

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X. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

P. Christopher Hughey
Acting General Counsel

BY: Kathleen M. Guith
Kathleen M. Guith
Acting Associate General Counsel
for Enforcement

10-14-10
Date

FOR THE RESPONDENT:

[Signature]

9/17/2010
Date

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